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Opening Statement of Rep. Henry A. Waxman Chairman, Committee on Energy and Commerce “Energy Efficiency: Complementary Policies for Climate Legislation” Subcommittee on Energy and Environment February 24, 2009

Today’s hearing will explore how energy efficiency can meet our power needs, save us money, create jobs, and help slow global warming.

Sometimes the simple solutions are overlooked. Energy efficiency is both the most affordable and fastest source of new energy, even though many people don’t think of it that way.

As several of our witnesses point out in their written testimony, supplying a kilowatt through energy efficiency commonly costs half as much as buying a kilowatt from power generators. And because the cost of efficiency doesn’t depend on oil or natural gas prices, efficiency reduces energy costs across the board and their volatility.

Businesses across the country find that when they focus on energy efficiency, they can achieve significant cost savings – increasing profits to invest in expansion and new jobs. We’ll hear about some of those experiences today. Homeowners find that they can make their houses more comfortable, lower their monthly utility bills, recoup their costs in a few years, and then watch their savings grow.

Energy efficiency can also be deployed quickly, compared to planning, siting, financing, permitting, and constructing a new power plant. And energy efficiency doesn’t require any new or existing transmission capacity. That means efficiency can come on line without waiting for transmission upgrades. And it reduces the burden on the grid, enhancing energy security and reducing the likelihood of blackouts.

Energy efficiency is a jobs engine. Because efficiency gains come in so many forms, efficiency creates opportunities for small businesses and big businesses throughout the economy. These range from construction and engineering jobs retrofitting buildings, to manufacture of efficient products such as next generation windows and lighting. In building a strong energy efficient economy for America, we will employ

construction workers, heating and cooling technicians, inventors, window installers, energy auditors, entrepreneurs, and engineers. And of course, efficiency is clean energy, which means clean air and better health.

For all these reasons, promoting energy efficiency must be a key element of climate legislation. We need substantial efficiency improvements to achieve large greenhouse gas emissions reductions at a reasonable cost. The International Energy Agency concluded that more than half of the emissions reductions required by 2050 globally must come from improvements in energy efficiency. And we know from experience that the market by itself won't deliver all of the available low cost efficiency savings.

For example, homeowners may know that they could save money by buying a more efficient furnace – but many don't have the capital to make the up-front investment. A landlord has little incentive to weatherize an apartment when the tenant pays the utilities. Businesses are focused on their primary line of work, and may not be aware of how much money they could save through efficiency – today Dow Chemical Company will tell us about what they learned when they looked seriously at efficiency opportunities.

Local, state, and federal policies have helped successfully address some of these and other barriers. Building codes and appliance standards are two types of policies that have saved us huge amounts of energy and money. In one year alone, for example, the savings from the efficient appliances that qualify for an Energy Star label save as much energy as is required by 10 million American homes.

You can see the results in a state such as California, which has made energy efficiency a priority for decades. Since 1975, California's energy efficiency standards for buildings and appliances have saved residents and businesses \$56 billion in energy costs and have avoided the need to build 24 major power plants. Today we'll hear about Massachusetts' instructive experience in promoting energy efficiency.

I look forward to hearing our witnesses' recommendations on how we design climate change legislation to best take advantage of the great benefits that energy efficiency offers us.